

REAL ESTATE PORTFOLIO AND COMPLIANCE SECTION STATUS REPORT
May 14, 2020

I. Hawaii Rental Housing System Revenue Bond Fund

Award of RFP No. 17-010-PPMS Affordable Rental Housing Portfolio Restructuring and Preservation was made to joint offerors Standard Property Company, Inc. and Stanford Carr Development, LLC (Buyer) on December 14, 2017. At its December 13, 2018 regular meeting, the HHFDC Board of Directors (Board) approved various modifications to the Request For Proposals (RFP) award, including a leasehold purchase price reduction to \$130 million and a capital improvement plan budget increase to \$85.1 million.

On May 17, 2019, HHFDC and the Buyer closed on the leasehold sale of the portfolio properties excluding Kamake`e Vista. The sales price was \$100.5 million. The Kamake`e Vista closing was delayed due to ongoing discussions with Atherton regarding: (1) requested modifications to the Residential and Commercial Apartment ground leases, primarily due to Komohale’s senior lender’s requirements; and (2) the possible purchase by HHFDC of Atherton's leased-fee interest in Kamake`e Vista.

On June 11, 2019, the HHFDC Board approved the execution of a non-binding Letter of Intent (LOI) to acquire the leased-fee interest in Kamake`e Vista from Atherton. HHFDC acquired the leased fee interest from Atherton on December 12, 2019.

A. Honokowai Kauhale

- 1. The property was sold in leasehold on May 17, 2019.

B. Kamake`e Vista

- 1. Project Unit Status

Performance Trend	As of 04/20	As of 03/20	As of 04/19
Total Units:	226	226	226
Rentable Units:	225	225	225
Vacant Units:	2	1	1
Vacancy Rate:	0.89%	0.44%	0.44%

- 2. The Property Management and Maintenance Services Supplemental Contract No. 8 for Contract PPMS 14-04 is for a six (6) month period from February 28, 2020 thru August 31, 2020. As a contingency that the sale of Kamake`e Vista may not close within that timeframe, an RFP for property management and maintenance services is being developed for issue in the May to June timeframe.
- 3. Annual budget submission is being reviewed.

C. Kauhale Kaka`ako

- 1. The property was sold in leasehold on May 17, 2019.

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D. Kekuilani Courts

1. The property was sold in leasehold on May 17, 2019.

E. La`ilani Apartments

1. The property (except the Hawaii Montessori School) was sold in leasehold on May 17, 2019.
2. On April 25, 2018, HHFDC transmitted a proposal to Hawaii Montessori School regarding a possible leasehold sale of the property to the school, which is on a month-to-month tenancy and has a significant historical rent arrearage. Staff held a meeting with school's executive director on October 1, 2018 to discuss possible options to resolve the matter. As of January 30, 2019, school staff was still in the process of compiling capital needs information pursuant to HHFDC's request; follow-up will be made.

F. Pohulani Elderly

1. The property (excepting 620 Coral Street) was sold in leasehold on May 17, 2019.
2. The preparation of bid documents for the 620 Coral Street Open Space Improvements has been cancelled. Development has checked with State Historic Preservation Division on status of the Archeological Inventory Survey.

II. Dwelling Unit Revolving Fund (DURF)

A. Kulia I Ka Nu`u

1. Project Unit Status

Performance Trend	As of 04/20	As of 03/20	As of 04/19
Total Units:	72	72	72
Rentable Units:	70	70	70
Vacant Units:	6	7	8
Vacancy Rate:	8.57%	10.00%	11.43%

2. Annual budget submission is being reviewed.
3. The unexecuted ground lease to Alternative Structures International (dba Kahumana) for the Kulia I Ka Nu'u Resource Center property will be amended and re-executed to address (a) the inclusion of existing furniture and equipment in the Resource Center and (b) the proration/submetering of utilities (e.g., gas, electricity, and water).

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B. Waipahu Community Adult Day Health Center and Youth Day Care Center

1. HHFDC terminated the ground lease with Waipahu Community Adult Day Health Center and Youth Day Care Center (Waipahu Community) effective October 31, 2018 due to uncured lease defaults.
2. On November 20, 2018, the Department of the Attorney General transmitted a letter to Waipahu Community demanding that it vacate the premises. A Complaint for Ejectment was filed on June 12, 2019. Waipahu Community did not provide a response by the October 14, 2019 deadline. A hearing on the motion to compel a response was held on February 27, 2020 and Waipahu Community was given a deadline of March 20, 2020 to fully answer everything. HHFDC's Deputy Attorney General is drafting the motion for summary judgment, however, because of COVID-19, it is uncertain when the court will schedule the motion for a hearing.

C. 690 Pohukaina Street

1. The sandwich lease with the Hawaii Community Development Authority (HCDA) expired on February 10, 2019. At its February 8, 2019 regular meeting, the Board of Land and Natural Resources consented to HHFDC's entry into revocable permits with HCDA's three former subtenants. HHFDC has entered into permits with Hawaiian Dredging Construction Company, One Love Ministries, and Fisher Hawaii. Revenues from these permits are transferred to the Department of Land and Natural Resources.
2. Request For Quotes No. 20-17-REC has been completed. Three (3) coconut palm trees and associated shrubs surrounding the base of one tree were removed as of the morning of April 24, 2020.

III. USDA Rural Development

A. Nani O Puna

1. Project Unit Status

Performance Trend	As of 04/20	As of 03/20	As of 04/19
Total Units:	32	32	32
Rentable Units:	31	31	31
Vacant Units:	2	2	0
Vacancy Rate:	6.45%	6.45%	0.00%


2. AHED Foundation (the proposed successor to Vitus Group, which was approved as the buyer in 2013) has been awarded a \$750,000 grant from the FHL Banks Affordable Housing Program and a \$100,000 grant from the REIT Way to make improvements to the project. The buyer recently completed a Project Needs Assessment and will work with its primary lender to order an updated U.S. Department of Agriculture (USDA) appraisal. Buyer expects to request a "soft" long-term loan from the Dwelling Unit Revolving Fund to pay for additional improvements. The

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Purchase and Sale LOI is set to expire on June 30, 2020. A draft Purchase and Sale Agreement and ground lease was received.

3. Annual budget has been submitted to USDA Rural Development for approval.

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